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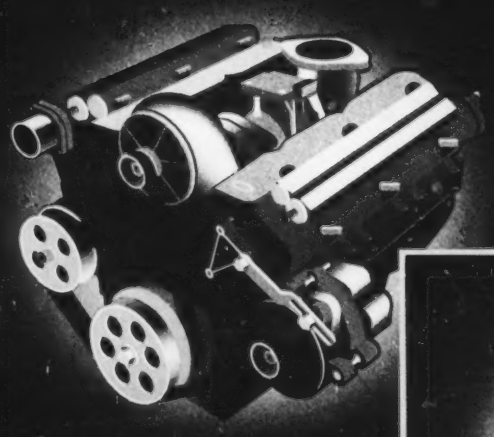
CHILTON'S
AUTOMOTIVE INDUSTRIES
SINCE 1895

MAY 1988

To Stroke...Or Not TWO STROKE?



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AUTOMAKER QUARTERLY REPORT

A golden opportunity for Big Three market share gains.

by Dr. Thomas O'Grady

Domestic automakers now have a perfect opportunity to reclaim some of their market share lost to the Japanese. As the US automotive market expanded during the first quarter of 1988—with a 13.7% increase in sales volume over first quarter 1987—sales of US-produced passenger cars were up 14% during the first quarter over the same 1987 period. While several Japanese manufacturers raised their base prices in response to the weak dollar, the domestics have so far avoided 1988 model price increases.

Ford's first quarter share of the total industry increased almost 2.5 percentage points over its 1987 share. GM gained almost .75 percentage points and Chrysler's share rose about 1.3 points from 1987 levels.

The strong domestics are currently showing some influence on Japanese market share—witness the absence of the Toyota Camry and Nissan Sentra from the Top Ten list this quarter. Honda's percent of the industry fell from 7.3% during calendar year 1987 to 6.6% in first quarter 1988. Although its volume has improved, Toyota's share dropped to 5.3% this period. Nissan lost nearly 24% of US sales in the first quarter; its share is now 4.1%.

Dr. Thomas O'Grady heads Integrated Automotive Resources, Inc. in Wayne, Pennsylvania.

Nissan aside, the losses in market share among Japanese imports are surprisingly minor, considering unfavorable exchange rates and rising prices. However, some of the larger companies may lose some VRA allocation to smaller automakers like Mitsubishi, Isuzu and Suzuki.

Most of the European manufacturers are finding it more difficult to adjust to rising prices. Mercedes-Benz first quarter sales were down 14.1% compared to the same 1987 period; BMW lost 14.6% of their sales. Porsche first-quarter sales fell 24.5% this year—a dangerous drop for a very low-volume manufacturer. AI

WHAT'S HOT!
US Auto Sales
(1st Quarter Results)

Carline	'88	'87	% Change
Taurus	101,901	78,535	29.75%
Corsica/ Beretta	101,120	12,579	--
Escort	92,059	84,561	8.87%
Accord*	78,061	72,227	8.08%
Tempo	72,250	60,821	18.79%
Cavalier	71,347	95,210	(25.06%)
Celebrity	71,228	85,642	(16.76%)
Excel	71,026	56,164	26.46%
Grand Am	60,204	50,691	18.77%
Ciera	59,451	62,584	(5.01%)

*—Includes imports
( )—Negative value

US Passenger Car Market Shares 1st Qtr '88

Manufacturer	Sales	% Total
General Motors	987,944	37.35%
Ford	573,874	21.70%
Chrysler	319,400	12.08%
Honda/Acura	174,501	6.60%
Toyota	139,988	5.29%
Nissan	109,338	4.13%
Hyundai	71,026	2.69%
Mazda	64,820	2.45%
VW	46,791	1.77%
Subaru	36,498	1.38%
Total	2,524,178	

(Continued)

Passenger Car Market Share By Geographic Base

First Quarter 1988

Manufacturers	Total Sales	Total Market Share
American	1,738,206	65.72%
Japanese	482,436	18.24%
European	128,527	4.86%
US Built Imports (VWUS, Honda, NUMMI, Nissan, Mazda)	175,820	6.65%
Other Imports (Excel, Festiva, Fox, LeMans, Precis)	119,833	4.53%
Total	**2,644,822**	**100.00%**

FIRST QUARTER DOMESTIC LIGHT TRUCK PRODUCTION

COMPANY	FULL-SIZE TRUCKS	COMPACT TRUCKS	FULL-SIZE VANS	COMPACT VANS	FULL-SIZE SPORTS UTILITY	COMPACT SPORTS UTILITY	TOTAL 1988	TOTAL 1987
FORD	177,638	93,982	65,736	59,052	16,120	39,029	451,557	428,358
CHEVROLET	121,936	66,528	34,661	45,058	35,424	39,270	342,827	329,505
GMC	47,571*	18,897	19,274	11,616	12,897*	10,001	119,856	97,082
CHRYSLER	15,087	30,073	20,858	131,953	4337	–	202,938	181,955
JEEP	–	12,533	–	–	3503	62,289	78,325	53,218
NISSAN	–	33,613	–	–	–	–	33,613	21,569

*Includes Suburban and P-model